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This Master's Project

**Environmental NGO-Private Sector Partnerships: A Tool to
Generate Business Value and Protect the Natural World**

by

Carolyn Nogy

is submitted in partial fulfillment of the
requirements for the degree of:

**Master of Science
in
Environmental Management**

at the

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Submitted:

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Carolyn Nogy Date

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Abstract

Many environmental challenges are complicated by a variety of complex and social, cultural, economic and political interactions that are difficult to address by a single entity. However, partnerships can offer the necessary breadth and versatility to address them more effectively. By working together, cross sector partners can leverage their individual expertise, while sharing resources to achieve more comprehensive and sustainable solutions to existing environmental problems. This report examines the role of partnerships between environmental NGOs and the private sector in managing complex environmental problems, and provides a critical assessment of the partnership attributes that generate the most mutual benefit. The research starts with a literature review, evaluating advantages and disadvantages of environmental NGO-private sector partnerships and describing beneficial outcome possibilities for each partner. This is used to build an assessment framework, which is applied to the analysis of four partnerships: Environmental Defense Fund + McDonalds, Greenpeace + Kimberly Clark, The Nature Conservancy + PepsiCo, and World Wildlife Fund + Natural Habitat Adventures. The analysis identifies the attributes that are associated with the most beneficial partnership outcomes. A key finding is that the success of these partnerships is strongly influenced by the degree to which the missions of the individual partners are aligned and the extent to which the partnership has a formal structure to manage and achieve objectives. Recommendations for effective environmental NGO-private sector partnerships are offered based on the attributes that correlate with the greatest mutual benefits.

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List of Acronyms

CCHW	Citizen's Clearinghouse on Hazardous Waste
EDF	Environmental Defense Fund
EPA	Environmental Protection Agency
FSC	Forest Stewardship Council
GP	Greenpeace
KC	Kimberly-Clark
NGO	Non-governmental organization
NHA	Natural Habitat Adventures
NRDC	Natural Resource Defense Council
TNC	The Nature Conservancy
WWF	World Wildlife Fund

1 Introduction

1.1 The Virtues of Partnership

Partnership is a voluntary collaboration between two or more organizations, to achieve a mutually desired set of outcomes, while utilizing joint resources and leveraging the respective strengths of each collaborator (Hartman, 1999, Jamili and Keshishian, 2009). The benefits of partnerships can be significant because the pooling of assets and the potential for synergies can produce outcomes that are greater than the sum of the parts (Stiles, 1995).

Collaboration, which is an integral element of partnership, involves a process in which parties who see different aspects of a problem can work together and constructively explore their differences, while searching for solutions that may go beyond their individual visions of what can be achieved.¹ It involves interdependence among stakeholders and productive handling of differences, such that all parties can exchange opposing points of view, focusing the issue and yielding a more meaningful, vetted, and well-rounded solutions (Hartman, 1999).

Partnerships and the collaborative process are particularly effective when searching for solutions to challenges such as conflicting infrastructure priorities, diverse cultural and traditional practices, and resource scarcity. This is because the collaborative process exposes each partner to assets that they would not otherwise have access to, thereby establishing an enhanced level of familiarity and expertise when responding to a complicated or new situation (Schuster, 2014).

¹ For interesting examples of collaboration in nature, see appendix 1

1.2 Partnering as an environmental tool

The environmental challenges facing the world today are complex. With a forecast of 9 billion people competing for the earth's limited resources by mid-century, the natural environment is under duress because of growing human and organizational pressure (Tercek, 2017).

Additionally, environmental challenges may be complicated by interconnected or conflicting social, economic, and political interaction, making environmental problems difficult to resolve. Furthermore, it may not be possible for a single entity to adequately solve them, due to inherent constraints of resource or scope (Harangozo, 2015, Honeyman, 2014). However, partnerships have the ability to address the multiple factors influencing complex environmental challenges and may thus offer the necessary breadth and versatility to resolve them effectively. By blending resources and leveraging unique expertise, partnerships offer the potential to generate greater impact and produce systems-level solutions (Quintana, 2017).

Partnerships may not be the first tactic decision-makers think of when they attempt to solve complicated environmental challenges. This is because of the perceived and sometimes legitimate conflict between partner motivations. In the realm of environmental management, partnerships between the private sector and environmental non-governmental organizations (NGOs) are a particularly alarming pairing given their opposing organizational interests: the private sector wants to profit from the use natural resources, and the environmental NGO wants to protect natural resources. However, the two can find mutual interest. And, the when these specific partners work together, the results suggest they may not be at cross-purposes after all.

There are specific ways in which private-sector partners and an environmental NGO partners can help each other, and each brings a different and important feature to the table. Companies within the private sector have money. They also have influence, not only over their consumer markets, but also within their respective industries. Additionally, private sector companies may possess political power and persuasion. Environmental NGOs also bring important elements such as knowledge of the natural world. They have scientific experts who specialize in particular ecosystems, and therefore understand biotic and abiotic interactions such that they are capable of making sound recommendations about associated preservation or restoration tactics.

Furthermore, environmental NGOs have a credible voice. They retain the respect of the environmental community and can act as bargainers to drive effective communication.

Blending these two different and important partnership qualities together produces a powerful force with sufficient capital resource, industry reach, scientific knowledge, and authentic messaging, to resolve even the most complicated of environmental challenges. So, although the initial notion of these partners working together insinuates an alliance of opposing interests, the surprising outcomes demonstrate the potential to generate mutual benefits to satisfy both partners. This project will illustrate how.

1.3 Approach

The focus of this project is to examine the use of environmental NGO–private sector partnerships as a tool to manage the environment, while specifically evaluating the key attributes which contribute to mutually beneficial partner success. The first step in addressing this topic is data collection via a comprehensive literature review, in which information is gathered to understand partnership advantages and disadvantages, and to identify potential opportunities to achieve beneficial environmental and business outcomes arising from the collaborative process.

Thereafter, data is synthesized to generate a framework to assess the relative success of four environmental NGO-private sector partnerships. The partnerships are evaluated through a case study process which summarizes the approach taken to resolve an environmental problem, and then analyzes outcomes and extracts attributes contributing to the generation of these outcomes. Determination and assessment of outcomes and attributes is supplemented with interviews from contributing executives where possible. Through this process, results are compared to generate recommendations of the most advantageous partnership attributes.

2 The Collaborative Spectrum

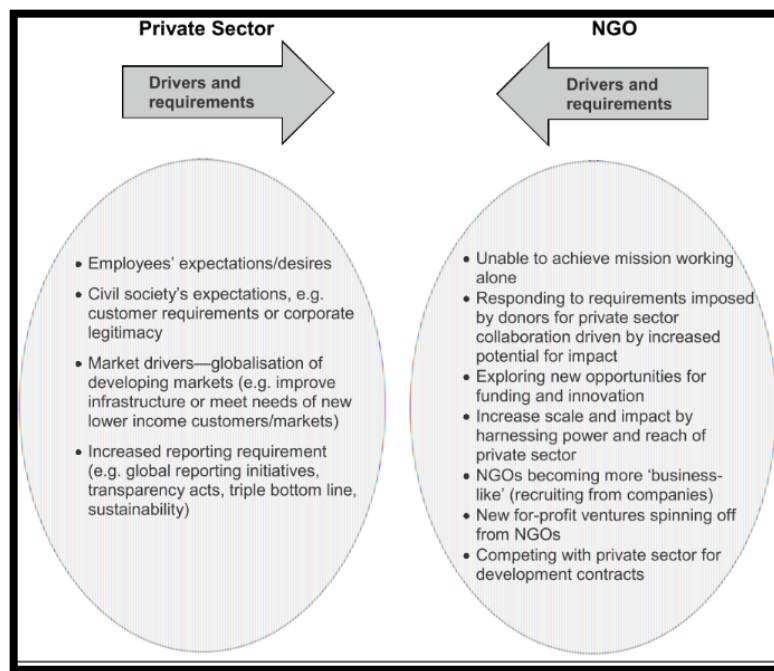
The nexus between business and the environment is an emerging concern. The private sector asserts some of the most influential pressure on the future of our planet. Business drives consumer choices, enables the income and livelihood of the vast majority of the world's population, and owns or manages vast areas of the land on earth, thus retaining the ability to

radically changes the landscape and balance of flora and fauna in a given region (Ross & Colchester, 2004). Additionally, many companies possess more wealth than entire countries. According to the World Economic Forum, sixty-nine of the top 100 global economies are corporations (Myers, 2016). Therefore, some argue the obligation of addressing environmental issues and undertaking environmental improvement no longer rests exclusively with governments and has evolved to become a responsibility of the business community (Heap, 2000). The belief that a company exists simply to maximize shareholders' profits is no longer a valid benchmark to assess corporate performance because stakeholders are starting to ask questions about what companies can do for the protection of the environment (Gemi, 2008). Therefore, the degree to which business chooses to interact and collaborate with environmental partners can produce substantial impact, elevating the consequences of success or failure of partnership, and making it important to understand the potential advantages and disadvantages.

2.1 Partnership Advantages

Partnerships create opportunity to access resources that cannot always be individually acquired or internally developed, and they offer the ability to innovate, build legitimacy, and influence policy to a greater degree (Wassmer, 2017). Specifically, environmental NGOs-private sector partnerships can serve to satisfy each other's needs or to satisfy stakeholder demands (figure 1). And, although each partner must be able to perceive individual benefit to establish partnership value, mutual opportunities can still be achieved regardless of differing motivational drivers (Tennyson, 2008).

Figure 1: Nexus between NGO and private sector partnership motivations
(Tennyson, 2008).



Environmental NGO-private sector partnerships can also provide businesses with an alternative and more productive response to detrimental accusations of environmental controversy, for example habitat destruction or extreme resource extraction. In the past, the business community behavior focused on superficial actions such as defensive communication or retreat, which did not create positive change for the environment. By working with environmental partners, a company can progress in a collaborative rather than conflictual manner, to adopt a proactive approach toward the improvement of the natural world, while also offering the environmental partner the potential of direct influence over their business practices (Livesey 1999).

Partnerships between environmental NGOs and the private sector have evolved well beyond remedial response to a short-term environmental set back and can now be more preventative in their approach. Several years ago, conservation action was often taken only in response to an isolated environmental emergency or as retroactive crisis management. Now, partnerships can work together with purpose to prevent environmental concerns. They can also create widespread influence, since they enable global NGOs to work with companies in various parts of the world, and thus develop strategies to address operational impact across a broader geographic footprint.

Another favorable evolution toward partnership advantage, is the migration of environmental NGOs away from pure philanthropic or antagonistic relationships intended to secure funding or shame the public sector into some form of environmental behavioral change (Jamali and Keshishian, 2008).

However, the absence of these types of evolutions within a partnership represent two of the most prominent sources of collaborative failure cited in much of the existing literature (Heap, 2000; Colchester, 2004; Gorog, 2006). Approaches that are reactionary in nature or are solely motivated by resentment or a desire for financial backing, generally don't work out well for either partner.

2.2 Partnership Disadvantages

If an NGO is purely motivated by obtaining funding, it may be apt to partner with a company for short term objectives, that may inadvertently circumvent the larger environmental concern associated with the company's practices. This is not only bad for long term and sustainable management of the environment, but it also has the potential to erroneously profile or brand companies with superficial environmental credentials (Rose and Colchester, 2004). This type of partnership can also result in a perception of "green washing", wherein the affiliation or reputational clout of the environmental NGO is used to justify detrimental environmental practices or destruction by the company. Green washing can consequently result in a tarnished reputation for both the NGO and the partnering company. In addition to the reputational aspects of green washing, environmental NGOs who merely endorse a company may miss out on an opportunity to influence sustainable change to help the environment. A more effective approach is to engage critically, while rigorously assessing and challenging methods to accomplish mutual goals so that the best possible outcomes can emerge. Being too optimistic about a partnership or paying too much deference to one of the partners is dangerous, and can cloud objectivity (Caims and Harris, 2011). Some of the best partnerships between environmental NGOs and the private sector occur as a result of disagreement (Heap, 2000).

Another common pitfall of environmental NGO-private sector partnerships is unrealized potential that arises from a tendency to enter the collaboration with skepticism or uncertainty.

Some companies see NGOs as idealists, who aren't disciplined or in touch with the realities of the market place. Conversely, some NGOs view companies as being unreliable and exclusively motivated by economic self-interest. These types of negative stereotypical perceptions can lead to mutual suspicion and create resistance, which can ultimately prevent NGOs and businesses from engaging effectively (Heap 2000). This may result in detrimental consequences, such as delayed outcomes.

A third threat to partnership success exists when partners fail to adequately communicate. This may be due to compatibility issues or insufficient planning. Poor articulation of partnership goals or expectations, lack of equitable commitment between each partner, or failure to establish clear or formalized delineation of roles and responsibilities may result in outcomes that are not sustainable for either partner (Jamili and Keshisian, 2009). Additionally, unclear objectives can result in wasted time or financial resources expended by either partner (Gorog, 2006). A peripheral element to this partnership obstacle is feeling-based impulses that drive partners together. Reacting emotionally to a temporary circumstance or point in time may cloud partners' ability to understand or define their true purpose, leading to superficial results. As such, effective partnerships need to be more substantive than mood (Heap, 2000). They need to encompass aligned values and attitudes in order to establish a clear identity about what they stand for and what they strive to accomplish. Failure to do so may not produce lasting results, may disenchant participants throughout the effort, and may prejudice them against future projects.

3 Potential Individual Partner Benefits

Despite the potential pitfalls of partnership, effective collaboration between environmental NGOs and the private sector has the potential to generate numerous qualitative and quantitative benefits for each partner. In the following sections, the individual benefits are examined more closely.

3.1 Business Value

If you review the mission statement for any 21st century business in the private sector, the company will undoubtedly proclaim some type of aspirational statement about working to

achieve profitable growth. Additionally, investors and customers are placing pressure on companies to address societal and environmental concerns, which may not be overtly addressed in their vision or mission statements (Lash & Wellington, 2007). Forward thinking executives recognize that a key strategy to being able to achieve the profit objectives within any core mission, while also satisfying the demands of critical stakeholders, is to strive for long-term growth that is both sustainable and resilient. These executives also understand the competitive advantage that can be achieved by developing strategies to address environmental risks inherent within their core product, and by creating tactics to improve energy, resource, and supply chain efficiency. Therefore, many firms within the private sector are integrating sustainability initiatives into their business strategies. And, due to the complex and tangential nature that sustainability issues have on society, environmental partnerships can be leveraged to compliment a strategic approach and accelerate progress. Partnerships can be used to access market and societal forces needed to generate outcomes, which may not otherwise be achievable through an internal sustainability program (Wassmer, 2017). Furthermore, measurable results can often be achieved faster through NGO-business partnerships than through solitary internal sustainability strategies or other advocacy approaches, such as legislative or regulatory change (Gemi, 2008).

Partnerships with environmental organizations can help business unlock success through a concept called “shared value”, which produces operational practices and policies designed to enhance competitiveness of a company, while simultaneously advancing the economic and social conditions of the communities in which it operates (Porter and Kramer, 2014). Specifically, partnerships with other agencies, such as environmentally based NGOs, can help businesses work on pre-competitive issues that improve the value chain for participants, by improving conditions within the operational “cluster”, which refers to the supporting infrastructure, demographic factors, related businesses, suppliers, and service providers, in a particular field or geographic constraint that the business relies on. Deficiencies in clusters or framework conditions that surround the business can adversely influence the success of the company and may create internal costs. For example, poverty is a cluster attribute, which may limit demand for a company’s product, or may lead to scarcity of resources through environmental degradation. NGOs can address these factors by helping to improve conditions within the supporting cluster infrastructure of a company. They can also help to create initiatives to address

cluster weaknesses and work with communities to remove barriers to growth. So, in this regard, partnerships between the private sector and environmentally based NGOs have the potential to be much more effective in driving long term value, and therefore can be far more valuable than any internal sustainability program from within the company itself (Porter & Kramer, 2014).

In addition to shared value, private sector partnerships with environmentally based NGOs can create multiple forms of qualitative business value, which can increase revenue, reduce cost, or avoid risk for a company, thereby strengthening its competitive positioning in the marketplace. One of the most recognizable forms of revenue generating business value achieved from partnering with an environmentally based NGO is reputation building. When a company partners with a credible environmental NGO it helps them reduce negative environmental outcomes or generate positive environmental impact, they can acquire brand value, and their image can be bolstered through association with the NGO. This enhanced legitimacy may translate into increased product recognition, and is likely to have a positive impact on consumer preference and shopping behavior, which in turn creates positive impacts on revenue streams for the company (Gemi, 2008). Additionally, the NGO can often use their scientific resources and credibility from within the environmental community to advocate on behalf of their corporate partner when addressing their response to an environmental concern, thereby further building the company's reputation. Corporate philanthropy programs associated with the partner NGO can also enhance the company's reputation of helping others or improving the environment, and thus represent another type of legitimacy-building benefit. Companies that gain the most business value from this type of benefit are often motivated to partner due to external consumer or investor pressure, or in response to an environmental shortcoming, and they often chose environmental NGO partners with sterling reputations (Wassmer, 2017).

A second form of private sector business value derived from environmental NGO partnership, wielding the potential to increase revenue or drive down cost, is innovation, whereby the company leverages a unique set of expertise or resource from within the NGO, to help it create a new product or to improve an existing process. Innovation aspirations typically originate from a gap in the marketplace, rather external stakeholder pressure, and are pursued in order to increase sales or reduce operational cost (Wassmer, 2017). Specifically, if new products are created

through innovation, the company can establish environmental differentiation in the marketplace, thereby creating the potential to increase sales and revenue. Similarly, if innovation from the partnership can establish efficiencies in the company's operation, reduce energy or water dependency, or improve supply chain performance, the company will undoubtedly reduce cost.

Another valuable cost reducing benefit to the private sector involves lowering the cost to acquire capital. When a company partners with an environmental NGO, the company's attractiveness to environmentally conscientious investors or lenders may increase, or the company may be eligible for preferred interest rates. Furthermore, if operational improvements mitigate financial risk associated with climate change or other environmental factors, the company may benefit from higher stock valuations (Lash & Wellington, 2007).

A final private sector benefit worth mentioning is risk reduction. Partnering with an environmental NGO may help the company develop techniques to improve regulatory burden, reduce exposure to hazardous materials or toxic chemicals, or prevent asset risk (Gemi, 2008). All three potential outcomes help the company achieve business value by improving worker safety and/or reducing future financial liability, which may expose it to expensive litigation or regulatory fines, or which may pose a threat to their operational security.

3.2 Environmental Value

Collaboration with the private sector provides a tactical method to generate positive environmental outcomes. According to NGO Environmental Defense Fund (EDF), measureable results can be achieved quickly because large companies who make environmental improvements in manufacturing or design have the potential to influence millions of people who purchase their products or rely on their services. Additionally, environmental improvements implemented within a large company's operation or supply chain can multiply from competitive forces, and thus spread those environmental benefits through behavioral responses of members within their supply chain, or even throughout an entire industry.

Global NGO, The Nature Conservancy (TNC) also notes beneficial outcome potential for the environment by recognizing that large corporations can help scale their conservation mission.

Businesses that understand and are responsive to the environmental risk and impact of their operation, will work with an NGO to create programs and process improvements to lessen their adverse environmental impact. Thereby creating results that result in such improvements as less resource extraction, enhanced natural resource stewardship, or reduced greenhouse gas emission.

World Wildlife Fund (WWF) believes that partnering with the private sector offers the potential to reduce environmental impact across a multitude of segments:

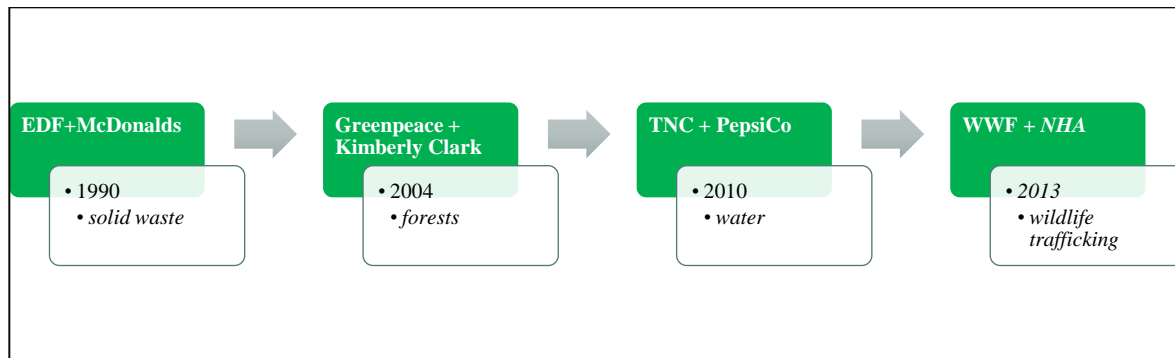
- Species and marine ecosystems benefit from habitat protection, a reduction in poaching or destructive fishing practices, and overexploitation of natural resources required for species population survival.
- Forests can be protected and preserved through improved stewardship and extraction practices, thereby providing critical habitat and fulfilling their important role in provision of ecosystem services such as air and water filtration, erosion prevention and buffering against climate change.
- Fresh water, which is threatened by a plethora of detrimental corporate practices, can also be conserved through partnerships that understand and work to overcome water scarcity issues.

Corporate partnerships also help NGOs fulfill their philanthropic objectives by providing funding to support conservation initiatives. Specifically, funding can be generated to find or create solutions that have a direct impact on sustained environmental improvement.

4 Methods

Four distinct environmental NGO and private sector partnerships have been identified for assessment: Environmental Defense Fund + McDonald's; Greenpeace + Kimberly-Clark; The Nature Conservancy + PepsiCo; and World Wildlife Fund + Natural Habitat Adventures. These partnerships will be the subject of in-depth case studies used to develop the project conclusions and recommendations. They were selected based on their relevance in history (figure 2), and because of the diverse environmental issues addressed within each partnership.

Figure 2: Timeline of partnership case studies



In order to quantify the qualitative aspects of these partnerships, and to determine a relative measure of success, an outcome-based scoring matrix has been created (figure 3), pulling factors from the above summarized literature review to characterize beneficial or detrimental outcome potential. Outcomes are categorized based on potential environmental and business value benefits, as well as detrimental factors which may adversely affect one of the partners or the partnership results. The matrix contains explanatory information used to help exemplify results that can be observed to establish the outcome, and thus justify a point addition or subtraction. For example, in order for a partnership to gain a point for increased revenue within the category of business value, there has to be evidence that the company has a favorable boost to their reputation, that they have innovated a new product, or that they have achieved favorable market differentiation as a result of the partnership. However, it's certainly plausible that any increased revenue experienced by the company may have been influenced by factors outside of the partnership.

Furthermore, this matrix is not intended to be a comprehensive authority in determining the absolute success of the four partnerships studied. Rather, it serves as an assessment tool to compare and evaluate success using a consistent set of criteria. In this scoring scheme, all factors are weighted equally. But, in actual life application, certain factors may have more or less impact on success than others. A higher score from the matrix does not necessarily translate into a greater form of success, and more points scored in the matrix simply means that more beneficial and less detrimental factors were present in the partnership.

Figure 3: Outcome based scoring matrix integrating factors identified within the literature review to subjectively evaluate relative partnership success.

Partnership Success Criteria*	
One point added or subtracted for each favorable/detrimental outcome arising from the partnership Italicized verbiage is intended to offer explanation or provide examples to support each point	
<div>Environmental Benefits</div> <div>+1 Positive Impact on the Environment <i>less resource extraction, improved air/water quality, waste stream reduction</i></div> <div>+1 Positive Environmental Impact across the Industry <i>company's actions influence other industry members to follow suit</i></div> <div>+1 NGO Funding to Advance Conservation Work</div>	<div>Detrimental Results</div> <div>-1 Tarnished Reputation <i>brand evaluation associated with "greenwashing"</i></div> <div>-1 Outcomes not Sustainable <i>too much focus on short-term projects</i></div> <div>-1 Wasted Resources <i>lost time or funding due to unclear objectives</i></div> <div>-1 Delayed Outcome <i>due to partnership approach</i></div>
<div>Business Value</div> <div>+1 Reduced Risk <i>less exposure to liability</i></div> <div>+1 Potential for Increased Revenue <i>enhanced reputation drives sales innovative product drives sales market differentiation drives customer retention</i></div> <div>+1 Potential for Decreased Costs <i>lower cost of capital more efficient manufacturing process reduce operating cost</i></div>	<div>Maximum Score Calculation</div> <div>3 all environmental benefits achieved</div> <div>3 all three elements of business value achieved</div> <div>0 no detrimental results</div> <div>6 Maximum Score</div>

Upon completion of each case study, the partnership will be given a score, in accordance with the outcome-based matrix. Subjective judgment will be utilized in determining whether or not the indicated outcome was achieved to generate a point addition or deduction within the scoring scheme, using the italicized qualifiers or exemplars as a guide to scoring decisions. The maximum possible score is a 6, and can only be achieved if all 6 benefits are achieved without any detrimental results. See exhibit 2 within the appendix for the complete assessment of each partnership and their relative scores.

As each partnership is analyzed, attributes will be extracted and chronicled against a list of potential attributes based on the following defined classification system (figure 4), which segments the nature of the attribute in one of three categories:

1. Structural characteristic of the partnership – refers to characteristics of the partnership construction or organization.
2. Organizational features – refers to attributes that might be influenced by the “corporate” culture present within each partner organization
3. Behavioral dimensions – refers to personality traits or relationship attributes exhibited by partner collaborators.

Figure 4: Attribute classification system

Structural	Refers to features of the partnership construction
Alligned Mission	Conservation or environmental protection is a shared value between both partners
Assigned Roles	Clear delineation of partner responsibilities within the partnership
Goal Creation	Objectives are established
Assessment Measures	Milestones are created and progress is assessed at regularly defined intervals
Organizational Features	Refers to each partner's existing organizational culture
Approach	Traditional method of action / reluctance to change
Power Distribution	Equity of partner input
Insularity	Executives traditionally resist input from outsiders
Reciprocity	Organization desires meaningful contribution from partner
Deference	One partner routinely relents to the other
Independence	Neutrality and shared expense
Behavioral	Refers to soft skill factors or personality traits of partner collaborators
Trust	Mutual confidence
Transparency	Partners are open and honest in sharing of ideas or organizational obstacles
Chemistry	Partners connect or personalities click
Objectivity	Partners can constructively challenge one another to produce stronger outcome

The scores derived from the matrix will then be compared against the attribute classification system list to determine the most advantageous attributes based on partnership ranking. The attributes from the highest-ranking partnership will subsequently be used to generate the project conclusions and recommendations.

5 Case Studies

5.1 Environmental Defense Fund + McDonalds: *the greening of the Golden Arches.*

5.1.1 Overview

One of the most historically significant partnerships between an environmental NGO and the private sector was formed between the Environmental Defense Fund (EDF) and McDonald's. The partnership was formed in an effort to curb polystyrene packaging waste. But what was

supposed to be a 6-months project to demonstrate McDonald's commitment to environmental health, evolved into a landmark case for corporate sustainability, resulting in significant reduction of solid waste and an increase in savings for McDonald's, which led to a new era of environmental practices for McDonald's and the fast food industry. The alliance between EDF and McDonald's also marked the first time a Fortune 500 company had ever successfully partnered with an environmental NGO to produce mutual environmental and business benefit (Arias, 2011).

5.1.2 Key Players

Founded in 1967, EDF is a well-respected global environmental NGO, which aims to overcome environmental challenges by finding practical solutions guided by science and economics. They believe that prosperity and environmental stewardship go hand in hand, and that sustainable outcomes are those that benefit people while also protecting natural systems. With over 2 million worldwide members, EDF generated a 2015 annual revenue of nearly \$140 billion, of which 80-85% was directed toward program services. Known for working with corporate partners, one of the keys to their success is their corporate donation policy. By refusing to accept donations from their corporate partners, EDF can remain objective and maintain financial independence. It's initial environmental claim to fame was the role it played in establishing a nationwide ban of the DDT pesticide in the 1970s.

Originating from a single drive-in restaurant in San Bernardino, CA in 1948, McDonald's corporation is now one of the world's largest food-service organizations, serving over 69 million customers per day across over 36 million restaurants worldwide. The founder, Ray Kroc, based his company on the principles of quality, service, cleanliness, and value, and made it his mission to build a system where these principles were applied consistently, with uniform methods of preparation, to produce food that tasted the same in every single one of his restaurants. With this guiding operational philosophy, McDonald's has taken pride in its commitment to act socially responsible for all of its stakeholders.

5.1.3 Environmental Concerns

At the time of the partnership formation, the United States was running out of landfill space, having already exhausted over two-thirds of its landfills, thus creating a daunting dilemma about where to dump the 180 million tons of solid waste Americans were generating annually. Plastics were complicating the landfill problem because of their inability to biodegrade.

The problem of plastics was predicted to worsen in response to a projected 50% increase in worldwide consumption of plastics used in the production of packaging (Lodge & Rayport, 2000). In the food and beverage industry, packaging is critically important to a product's performance. It protects the product, reduces food spoilage and preserves appearance and flavor, and helps with differentiation and identification of contents (EPA, 1995). After assessing these functions and analyzing packaging options, McDonald's elected to use the foam version of polystyrene, which is a form of plastic made by polymerizing styrene, in their hamburger packaging. They reasoned that this option met their packaging needs and was environmentally responsible because polystyrene used less energy in production and was also recyclable (EPA, 1995). However, polystyrene is still a form of plastic, McDonald's was using it in high volumes of 75 million pounds (Stanford, 1993), and if not recycled properly, it would end up occupying precious landfill real estate.

5.1.4 Formation of the Partnership

For four years leading up to the summer of 1990, McDonald's promoted the use and recycling of its CFC-free polystyrene sandwich clamshells as a superior environmentally responsible packaging solution. However, many grass roots environmentalists began to challenge the legitimacy of their claims. Consumer group Citizens' Clearinghouse on Hazardous Waste (CCHW) led a negative publicity campaign dubbed "Ronald McToxic", resorting to such measures as urging school children return hamburger packages and to write letters claiming that the use of polystyrene jeopardized their health. Succumbing to this consumer pressure, McDonalds initiated a polystyrene recycling pilot program, which called for customers to sort their meal refuse into two categories: polystyrene and everything else. McDonald's would then ship the polystyrene to its plastics re-claimer for processing. The pilot quickly failed to deliver the expected results, in large part because customers simply were unwilling to follow the sorting directions.

Additionally, there was no easy way to reclaim the polystyrene packaging from customers who took their food to go, thereby making the recycling processing inefficient and cost prohibitive (Stanford, 1993; Lodge & Rayport 2000).

In the midst of the early phases of McDonald's recycling pilot, and recognizing that the company was facing pressure from its customers to green up its practices, EDF approached McDonald's to discuss environmental issues pertaining to waste management (EPA 1995). The environmental NGO understood that the opportunity to work with McDonald's was significant. Working with a company that, on a daily basis, served over 18 million U.S. customers, representing a diverse cross-section of the American public, afforded EDF the chance to influence public opinion and advance the largest national environmental education project in U.S. history (Lodge & Rayport 2000). Feeling battered by the intense consumer pressure, McDonald's quickly accepted the offer, and the two created a joint task force designed to understand McDonald's materials use and solid waste opportunities throughout all facets of their U.S. operations and to thereafter develop new policies and actions to ensure more responsible solid waste management.

Recognizing that the polystyrene recycling pilot was not working, one of the first tasks of the newly created partnership was to tackle the issue of the clamshell packaging. They toyed with a whole host of options, even contemplating an edible wrapper, but then settled on a layered tissue and plastic wrapper with air bubbles (Gifford, 1991). This alternative was arguably not much better than the clamshell because it was made with highly chemically processed paper, it was not recyclable, and McDonald's still used the polystyrene in its breakfast meals. However, the switch did result in a reduction of packaging weight and volume, shrinking the amount of waste going into landfills by as much as 70% (Lodge & Rayport 2000). Additionally, it satisfied the consumer pressure to abandon the use of the clamshell packaging, which had become a symbol of ecological malevolence.

Thereafter, the task force quickly identified that the visible component of the clamshell was only a small fraction of the waste problem. Nearly 80% of McDonald's waste stream originated from food prep and supply systems. As such, it proposed a total lifecycle approach to reducing and managing waste, and it identified numerous projects aimed at reducing source reduction of waste

from point of generation. It also focused on creating recommendations to increase reuse, recycling and composting of waste products.

In April of 1991, McDonald's agreed to implement the task force recommendations and began to reinvent its processes. Over time, the company used the lessons from the EDF partnership to address other green opportunities within their organizations, and in the coming decades, McDonald's launched nearly 40 new environmental initiatives (Arias, 2011).

5.1.5 Partnership Outcomes

One of the most significant outcomes arising from the partnership between EDF and McDonalds was its role in defining a new model to address ecological issues linked to the activities of big business (Arias, 2011). The unconventional collaboration of an environmental NGO and a prominent Fortune 500 company had never been attempted before and was viewed as a risky endeavor by many observers in the early 1990s. The partnership marked a shift away from the traditional "command and control" paradigm of environmental management to define a new type of environmental practice called market environmentalism, which is characterized by market incentives and voluntarism instead of regulation (Livesey, 1999). It helped punctuate the reality that business can establish a genuine sustainable presence with the assistance of environmental nonprofit groups, and perhaps more importantly, the partnership established that McDonald's could make money while also helping the environment (Arias, 2011).

Another form of qualitative business value derived from the partnership was the enhanced branding and improved credibility that McDonald's achieved by switching to paper packaging. While there was scientific debate over the environmental impact of the decision to switch from polystyrene to paper (Lodge & Rayport, 2000), the clamshell package was viewed unfavorably in the eyes of the consumer, and was thus tarnishing McDonald's image. Once the change was made, the public responded, selecting McDonald's as the most environmentally responsible fast-food chain, beating out other competitors such as Wendy's and Burger King, according to a 1991 Advertising Gallup poll (Gifford, 1991). This marketing boost for the company created clear market-place differentiation for McDonald's and thus contributed toward the potential for increased revenues.

Regardless of the market factors at play, and how this may have impacted revenues, McDonald's achieved significant cost reduction as a result of the task force suggestions for improved waste management. They attributed a \$6 million annual savings in the decade following the partnership and in direct correlation to the more efficient packaging and source reduction efforts (Arias, 2000).

The partnership influenced significant positive environmental changes within the fast-food industry. Not only did McDonald's make major changes in their operational practices, but other businesses within the industry followed their lead and used their plan as a roadmap to implement their own pro-environmental policies, creating a ripple effect to institute ecology throughout the fast-food industry (Hartman and Stafford, 1997).

The changes that McDonald's adopted as a result of their partnership with EDF were focused primarily on four waste management initiatives including source reduction, reuse, recycling, and composting. Some of the specific environmental changes that McDonald's made to their operation following these initiatives included:

- Removal of polystyrene foam in favor of paper-based wraps for its sandwiches;
- Replacing bleached paper with unbleached paper for their sandwich wraps, coffee filters, and carryout bags;
- Use of 30% postconsumer recycling content in their napkins;
- Suppliers were directed to incorporate 35% postconsumer recycled content into their shipping boxes

Additionally, the partnership created a desire in McDonald's to strive for future sustainable results, and it launched the company into a pattern of creating more policies to further environmental progress. Since the partnership was formed, McDonald's has implemented more than 90 subsequent environmental initiatives ranging from further waste reduction, to use of recycled material in retail fixtures, to sourcing sustainable fish and poultry for its food products (Hartman and Stafford, 1997). McDonald's has even created a scorecard system to incentivize suppliers to measure and reward waste reduction throughout its supply chain (Arias, 2011).

A potential detrimental result that emerged from the partnership was the swiftly vetted decision to stop using polystyrene packaging. While this decision was made in response to consumer pressure, which was abated following the switch to paper packaging, it's possible that the partnership decision was too hasty, with too much focus on the short-term objective of satisfying customer demand and insufficient focus on the potential long term environmental success of using properly recycled polystyrene. Many experts still debate the overall scientific impact of the decision to move away from the polystyrene clamshell, and in fact, many view the decision as a weakening of the emerging foam-plastics recycling infrastructure. McDonald's had been a critical supplier in the supply & demand equation; and, once they decided to stop manufacturing and recycling, there was no longer a market appetite to invest in continued recycling technology (Lodge & Rayport, 2000).

5.1.6 Key Attributes

The partnership between EDF and McDonald's exhibited attributes from all three of the classification system as illustrated in figure 4. Structurally, both partners were aligned in their mission of trying to address reduce waste. McDonald's was heavily focused on their polystyrene recycling program and EDF was working toward larger waste management issues. This shared environmental agenda helped the two partners stay focused on what they were trying to achieve. The relationship contained many other structural attributes that contributed to success such as assigned roles/responsibilities and the creation of assessment measures and benchmarks.

Organizationally, the attribute that was most prominently displayed throughout the partnership was independence. Each partner maintained complete objectivity throughout their working relationship and maintained the right to use their own reports, should they not reach an agreement. Additionally, EDF did not accept any monetary donations from McDonald's, and the two split all costs incurred during their task force work. The organizational approach that each partner took also enhanced the success of the partnership. EDF was looking to help a large corporation, and McDonald's was receptive to their help.

From a behavioral standpoint, the attributes of trust and transparency were integrated within the relationship. The task force was comprised of a mixed team of participants, and it was given full authority to make decisions necessary to reduce McDonald's solid waste through source

reduction, reuse, recycling, and composting. The attribute of objectivity also fits into the behavioral attributes of the partnership. When analyzing how the task force made decisions, it's evident that members were able to constructively challenge one another to come up with the best solution.

Figure 5: Attribute assessment of EDF + McDonald's partnership

(green font denotes favorable attribute)

ATTRIBUTE ASSESSMENT: EDF + McDonald's		
MATRIX SCORE: 73		
Structural	Organizational Features	Behavioral
<p>Aligned Mission</p> <p>Assigned Roles</p> <p>Goal Creation</p> <p>Assessment Measures</p>	<p>Interdependence</p> <p>Approach</p>	<p>Trust</p> <p>Transparency</p> <p>Objectivity</p>

5.2 Greenpeace + Kimberly Clark: *forest sourcing lessons learned the hard way*

5.2.1 Overview

A vastly different approach to partnership can be observed by studying the formation of the relationship between environmental NGO Greenpeace and paper giant Kimberly Clark, over opposing views of forest stewardship. The origin of the partnership was not voluntary, it was rather aggressive and hostile, and it took nearly five years of conflict before the two began collaborating in a productive manner. However, once they did, they were able to achieve a landmark agreement on sustainable forest sourcing which developed into a healthy relationship of sustained partnership success, anchored in shared values.

5.2.2 Key Players

Greenpeace is a global non-governmental organization (NGO), which aims to publically expose threats to the environment. Their goal “to ensure the ability of the earth to nurture life in all its diversity”, and in the words of their USA Executive Director, Annie Leonard, Greenpeace accomplishes this goal by using “...non-violent confrontation to raise the level and quality of public debate.” Formed in 1971, Greenpeace has grown to 2.8 million members worldwide, and is one of the most recognizable environmental advocacy organizations in the world. Greenpeace has accumulated many success stories in connection with the breadth of their action to curb some of the most pressing threats to the environment, including climate change, illegal forestation, and overfishing.

However, Greenpeace is often associated with radical activism and frequent use of intimidation tactics in their advocacy. They are also criticized for their use of direct action, which can take the form of peaceful obstruction, such as sit-ins or blockades; but they sometimes deploy more aggressive measures such as property destruction. In addition, Greenpeace has been known to damage a company’s brand and contribute to significant loss of revenue. (Montford, 2016)

Kimberly-Clark Corporation (Clark) is the world’s largest producer of disposable tissue products (Ferguson, 2008). Headquartered in Dallas, TX, Clark has extensive reach in the global paper industry; and, with today’s market capitalization of nearly \$43 billion, and sales of over \$18 billion, it is industry giant. Clark produces disposable paper products such as facial tissue, toilet paper, and napkins, under some of the most recognizable brands in the world, including Kleenex, Scott, and Cottonelle. Clark has been in business for over 145 years and employs 42,000 people. And, because it is a disposable tissue company, Clark is dependent upon a large supply of tree pulp to produce its primary product.

In 2004, at the time when Greenpeace started interacting with Kimberly Clark, the paper giant was purchasing a majority of their tree pulp from one of the Terrace Bay pulp mill, which logged from the Kenogami Forest in Northern Ontario. Prior to this date, from 1937 to 2004, Clark actually owned the Terrace Bay mill and held the license for its management. Thus, Clark established the logging practices, and for 71 years, it dictated how much of the forest would be cut down. After the sale of the mill in 2004, Clark continued to purchase pulp from the Terrace

Bay Mill, and during the years that Greenpeace was interacting with Clark, the purchases totaled over 55% of the pulp produced at the mill, or 420,000 metric tons, which is equivalent in weight to 1150 jumbo jets. This tree pulp was used to make Kleenex brand tissue.

5.2.3 Environmental Concerns

The Kenogami Forest, which is comprised of old growth pine, spruce, fir, and aspen, covers 20,000 square kilometers or nearly 5 million acres within the Canadian boreal forest system, stretching from Yukon to Labrador. Because of its immense size and maturity, it stores an estimated 186 billion tons of carbon in its trees and the adjoining soils, and thus it plays a critical role in regulating climate change (Apps 1993). The Kenogami also provides habitat for numerous wild species, including moose, white-tailed deer, great grey owl, and several threatened species such as the wolverine, woodland caribou, and eastern cougar.

In 1937 when Kimberly Clark started logging the Kenogami, the majority of the forest was intact. However, by 2006, satellite imagery revealed that nearly 29% of the forest was lost and the remainder of the land base had been severely fragmented due to the logging practices in the area, which rely on a technique called clear-cutting. This is a process whereby all of the trees in a single area are cut down in a logging operation. A timber company can swiftly and cost effectively harvest high yields of timber using this technique. However, it causes massive destruction for the forest and the surrounding ecosystem. It can change the structure and function of the forest, impacting soil and water quality, and it causes fragmentation of nutrient rich soil, which can reduce generative biomass and reduce primary growth. Creation of logging roads to transport the felled trees to a processing mill is an inevitable outcome of logging and also contributes to forest fragmentation. In short, the practices of commercial logging result in massive detrimental outcomes for the ecosystem and habitat health and connectivity (Sustainabilitydictionary.com, 2017).

The habitat threat that comes from clear-cutting the Kenogami is particularly critical for its endangered species occupants. The wolverine and the woodland caribou, which are both endangered, depend on intact forests with uninterrupted corridors. At the time that Greenpeace started interacting with Kimberly Clark, both species were under duress as a result of the clear-cutting activities. The wolverine population had nearly disappeared, with only an occasional

individual wandering into the forest, and the woodland caribou was experiencing significant population decline. Once occupying a range of 100% of the Kenogami, the caribous' range was down to 50% by 2008.

5.2.4 Formation of the Partnership

The relationship started in 2004 when Greenpeace launched an attack on Kimberly Clark over its use of fiber sourced from old growth Canadian boreal forests. Dubbed “Kleercut” to capitalize on Clark’s flagship product, Kleenex, the campaign set out to discredit the numerous claims proclaimed by Clark with respect to its sustainable sourcing practices, thereby painting the picture in the public’s eye that Clark’s environmental assertions amounted to nothing more than “green-washing”.

The negative campaign stretched on for 5 years, and the two were at odds for the entire time. Recognizing the reputation that Greenpeace had for activism, Kimberly Clark initially alienated itself from any association with the NGO. Kimberly Clark also felt that they already had a strong sustainability strategy in place, with policies that included responsible fiber procurement and sourcing pulp from sawmill waste. As such, they disengaged pretty quickly. According to Peggy Ward, Kimberly Clark’s director of sustainability strategy at the time, they didn’t think they were doing anything wrong; and they actually took pride in their sustainability efforts. However, Greenpeace held a different view, and they relentlessly pursued the corporation in an effort to compel behavioral change. Their campaign used direct actions against the company, deploying such tactics as blockading manufacturing sites, interrupting business meetings, and releasing aggressive public videos highlighting some of the company’s destructive practices. They also staged rallies and enlisted the support of other NGOs, such as Forest Ethics and National Resource Defense Council (NRDC), to influence a consumer boycott of Kleenex brand tissues (Schwartz, 2011).

Greenpeace chronicled the totality of their findings against Clark in a robust report entitled “Cut and Run”. Published in 2008, this report concisely outlined Clark’s procurement practices in the Canadian boreal forest, it created a clear and convincing correlation between these practices and environmental devastation, and it provided ample evidentiary support to discount nearly all of the sustainable claims made within Clark’s annual reports and published sustainability protocols.

The credibility of the Greenpeace findings was backed by investigation obtained through independent audits, satellite mapping, and public records. Ultimately, it revealed that Clark's ground operations were starkly different from their public sustainability allegations.

Throughout the campaign, the key negotiators within each company were Rolf Skar, the Greenpeace forests campaign director, and Peggy Ward who was Kimberly Clark's director of sustainable strategy at the time. The relationship was antagonistic and unproductive, as evidenced by five years of stalled progress. However, by 2009, a breakthrough occurred when two different executives from each organization started talking with each other off the record. During these discussions, they tried to help each other understand what the other side was striving for. They exchanged stories about their company cultures and translated each company's forest objectives in a down to earth and transparent manner. And, this method of interaction eventually produced trust. By engaging different members of the organizations, and by taking the approach of developing trust, the two companies were able to identify a mutually agreeable approach that propelled the relationship forward. Kimberly Clark began to recognize that Greenpeace was a stakeholder, just like others that they interact with, and so they decided to really listen to what was being said. In doing this, they realized that there were some changes they could make to improve performance and become an industry leader with regard to pulp extraction (Gies, 2014). This new relationship ended the Kleercut campaign and influenced the two to sign a landmark agreement, which not only led to Kimberly Clark to increase its use of more environmentally preferred fibers, but also set a standard for worldwide forest products.

5.2.5 Partnership Outcomes

The partnership between Greenpeace and Kimberly Clark culminated in a significant win for the environment. Their 2009 agreement set forth a series behavioral changes at Kimberly Clark, which impacted forest stewardship greatly and created positive change in how they managed forest resources. In 2014, to commemorate the 5th anniversary of the collaboration between the two, Kimberly Clark published a news release outlining the process modifications they have made as a result of the Kleercut agreement. These changes include:

- A commitment by Kimberly Clark to preference sourcing of fiber that is certified through the Forest Stewardship Council (FSC)

- This has resulted in an 111% increase of FSC-certified fiber by Kimberly Clark's since the agreement was signed.
- Achievement of a 2015 sustainability goal to source 100% of its virgin wood fiber from suppliers or wood-fiber procurement activities which have been third-party certified
- A 30% increased use of environmentally preferred fiber, including FSC-certified and recycled fiber, in Clark's global tissue products.

Ironically, as the new fiber sourcing policy at Kimberly Clark became implemented, they decided that they could no longer buy pulp from the logging operations within the Kenogami Forest because the company managing the operations was not willing to adhere to the FSC standards.

In addition to the individual actions Kimberly Clark took as a result of the agreement, an industry standard was created. Because the agreement established a clearly stated preference for Forest Stewardship Council certified fiber, the agreement served as a model for other worldwide forest-product corporations to follow. Market forces contributed to global growth of FSC certified supply, and empowered by its new commitment to FSC certification sourcing, Kimberly Clark used its brand reputation to influence industry awareness about the importance of certification to protect high-conservation-value forests. As stated by Corey Brinkema, president of the U.S. Forest Stewardship Council, "Kimberly Clark's commitment to collaborative partnerships and willingness to set and meet ambitious goals is a great success story, for forests and for the people who depend on them."

Attaining this level of environmental success is complimented by the business value achieved by Kimberly Clark through the partnership with Greenpeace. One of the more obvious benefits to Kimberly Clark was gaining a partner to provide environmental insights into ways to improve the sustainability of their supply chain, and their products. Greenpeace also served in a role to hold them accountable for execution of their commitments, so that they were able to accomplish these sustainability improvements. Having recent experience with the direct-action tactics of Greenpeace, Clark executives knew very well how the partnership could shift, should they not make a concerted effort to abide by their forest stewardship commitments. Leveraging this

accountability and honoring their commitment to change, Kimberly Clark was able to reap the financial benefits of a more sustainable operation.

Another benefit to Kimberly Clark was improved brand and reputation. Openly working with Greenpeace to achieve more responsible fiber sourcing standards established credibility with the public and other NGOs. Additionally, the work that Kimberly Clark was doing to improve the responsibility of their fiber-sourcing policy and the steps they were taking to source more FSC certified pulp, positioned them to be a positive industry leader among their peers. Their behavior sent industry signals to the rest of the industry to follow in their path. When describing one of the most critical benefits of change produced by the Greenpeace partnership, Kimberly Clark's Sustainability Director, Peggy Ward, stated, "...those who are first adopters and movers and engage and are acting as sustainability leaders are going to benefit the most."

5.2.6 Key Attributes

After analyzing the formation of the partnership between Greenpeace and Kimberly Clark, it's clear that it was borne from hostility. For five years, Kimberly Clark did not engage with the Greenpeace efforts. They felt attacked, offended, and simply didn't feel that there was a need to change or improve their existing sustainability programs. Furthermore, Greenpeace never altered their approach and persisted in their direct-action campaign against the corporation, despite the lack of receptivity. On one hand, while their determination can be viewed as a favorable attribute, their failure to alter their approach resulted in a stalled relationship. As such, the combined approach of both contributors is characterized as a negative partnership attribute because these mutual responses served to delay the eventual favorable outcomes.

Embedded in this troubled start, Kimberly Clark's insular organizational attribute shielded receptivity to progress. The disposable paper giant already had a sustainability program in place when Greenpeace initiated the relationship, and it was unwilling to consider the possibility that their program could grow stronger; it also failed to take a critical and objective look at some of the inconsistencies between their sourcing allegations and actual field operations. In addition, because they refused to listen to what Greenpeace was saying about some of these inconsistencies, Kimberly Clark missed an opportunity to learn and apply recommendations that

would improve their performance earlier in the relationship. In short, they simply neglected to recognize that Greenpeace was a key stakeholder.

However, once the two started working together, several positive attributes emerged and helped cement the relationship into an effective and highly productive partnership. The first set of attributes is associated with the ability to build trust. This process starts with having the right people join the conversation. By selecting representatives who possess the ability to communicate effectively, who can keep an open mind, and approach sensitive subjects without becoming defensive, trust can begin to take hold and transform quickly into productive action. As seen in the Greenpeace and Kimberly Clark relationship, the pivotal moment arose after a different set of executives started talking. Both sides then let their guard down, shared internal information and goals, and allowed themselves to be open to what the other side was saying, enabling each to understand the other's perspective. Within this trust building experience, both sides were able to find common ground and build momentum for a stronger, more productive relationship.

While approach was initially characterized as an unfavorable attribute in this partnership, the persistency of Greenpeace's approach benefited the outcomes. The Kleercut campaign was long. As noted by Rolf Skar, many corporations react quickly when being challenged or called out by Greenpeace. But, Kimberly Clark did not. They resisted for five years due to a combination of the factors discussed above. However, Greenpeace never let up and continued to press them to create new global procurement standards for their primary core product ingredient. And, when Clark finally engaged, the resulting agreement had massive positive impacts for the environment, transforming pulp buying standards across the industry. The lesson for Greenpeace being that a strong and unrelenting investment in commitment can create sustainable change.

A final, and somewhat unique attribute that also pertains to favorable organizational approach is Greenpeace's refusal to accept a financial donation from Kimberly Clark in exchange for their assistance in creating the 2009 agreement. This is a common operating practice of the environmental NGO to ensure that they remain objective, and maintain independence without any compromise their environmental mission.

Figure 6: Attribute assessment of the Greenpeace + Kimberly-Clark partnership with outcome score depiction
(green font denotes favorable attribute; red font denotes unfavorable attribute)

ATTRIBUTE ASSESSMENT: Greenpeace + Kimberly-Clark		
MATRIX SCORE: 72		
Structural	Organizational Features	Behavioral
Aligned Mission Goal Creation	Approach Insular Approach	Trust Chemistry

5.3 The Nature Conservancy + PepsiCo: *partnering to mitigate global freshwater risk*

5.3.1 Overview

The Nature Conservancy and PepsiCo engage in active partnership to achieve positive water impact, which is a phrase described by PepsiCo to illustrate its intent to make more, and better water available for the environment and the communities where they directly and indirectly operate. The partnership strives to develop mitigation strategies to influence water security within the food and beverage sector, and to identify practices needed to ensure sustainable water use globally. Because of PepsiCo's global reach and The Nature Conservancy's widely accepted approach to watershed conservation, both partners recognize that organizational collaboration enables them to achieve more to advance positive water impact, than either partner could accomplish on their own.

5.3.2 Key Players

The Nature Conservancy (TNC) is a prominent environmental NGO, leading conservation work within 72 countries across the world. Its mission is simply stated as conserving the lands and waters on which all life depends. Established in 1951, TNC envisions a world where "the diversity of life thrives, and people act to conserve nature for its own sake and its ability to fulfill

our needs and enrich our lives”. TNC is guided by 5 core values including integrity beyond reproach, respect for people, communities, and cultures, commitment to diversity, one conservancy, and tangible, lasting results. They also operate under stringent accountability standards and have been highly rated by accrediting agencies such as the American Institute of Philanthropy and the Better Business Bureau. TNC seeks to accomplish its mission through use of non-confrontational methods, scientific rigor, and it relies heavily on the use of collaborative practices to advance success in its priority areas of protecting freshwater, saving oceans, conserving land, action on climate change, and transforming cities. Through this approach, TNC has been able to successfully protect more than 119 million acres of land and 5000 river miles.

PepsiCo, Inc. was established in 1965 through the merger of former corporations Pepsi-Cola and Frito-Lay. Today, it offers some of the most recognizable consumer product lines in the global food and beverage industry, with such iconic brands as Pepsi Cola, Frito-Lay, Gatorade, Quaker, and Tropicana. It offers a diversified portfolio of over 22 individual brands, which individually generate an estimated \$1 billion in annual sales. Led by CEO Indra K. Nooyi, who was just ranked #2 in Fortune’s 2017 most powerful women, the company is united by a commitment to sustainable growth through a pervasive operating strategy dubbed, “Performance with a Purpose”.

5.3.3 Environmental Concerns

Access to freshwater is becoming an ever-increasing global threat. Water use has doubled over the past several decades, creating pressure against water dependency for societal basic needs such as drinking, bathing, growing food, and generating electricity. According to The Nature Conservancy, more than 3 billion people rely on water basins that are insufficient to meet their basic needs, and over 800 million people worldwide simply don’t have access to a reliable supply of fresh drinking water. Since 90% of the earth’s freshwater consumption is directed toward agricultural purposes (Mekonnen, 2011), the strain of this vital resource will continue to escalate as our global population approaches 9 billion in the coming years (cite) and corresponding demand grows. Furthermore, as daunting as this reality is, the amount of water required for agricultural needs is predicted to increase by up to 90% by 2050, if measures aren’t taken to improve water production, or shift production patterns (Molden, 2007).

However, the challenges of insufficient clean and safe freshwater are not unique to the human population. Because of water shortages or water pollution, 50% of the world's freshwater species have perished within the past several decades (Molden, 2007). Not only does this contribute to loss of biodiversity, but there are also adverse economic consequences associated with the loss of consumptive fish species.

While the link between freshwater dependencies and life is evident, water is also an essential requirement for much of our global business operation. About 80% of the global freshwater that's not used for direct consumption is used for commercial purposes. In the United States, two-thirds of this water is used indirectly to produce ingredients for business-related products, with the food and beverage industry accounting for 30% of this indirect use (Blackhurst, 2010). And, because water is so relevant to this dominant industry, water scarcity ranks among the top ten risks to global business (Emmerson, 2011). The security of fresh water, which pertains to the location where companies have operations, is primarily threatened by the physical risk of insufficient access to clean water needed to support operation. This risk can be influenced by competition for clean water resources, or by a variety of climate change related factors such as drought, or infrastructure destruction caused by severe weather events or sea level rise (Ceres, 2015).

5.3.4 Formation of the Partnership

The partnership was initiated by PepsiCo in 2010, following the company's development of its "performance with purpose" operational strategy designed to deliver sustainable growth by investing in a healthier future for people and planet. Water stewardship was a core component of this strategy, under which the company formally recognized and publicly acknowledged water as a human right, thereby accepting responsibility to ensure that its water stakeholders have enough clean water to meet their basic human needs (Sustainablebrands.com, 2014). As part of this commitment, PepsiCo disclosed a specific set of goals and metrics, including a desire to create a 20% improvement in water use efficiency and an increase in access to safe water for 3 million people in developing countries. As their journey evolved, they recognized the need to collaborate with global leaders who shared their environmental values around water security. With its well-known mission of vigilantly protecting water, TNC was thus identified as an ideal partner.

PepsiCo recognized that TNC's specific expertise and scientific discipline associated with freshwater conservation would enhance its water stewardship initiatives, and that by working together, the two could leverage their complementary strengths to advance progress in provision of quality and quantity of freshwater. When approached to partner, TNC readily accepted. Since PepsiCo was the first company of its size to formally and publically recognize water as a human right, and since protecting water is part of the TNC mission, the partnership made a lot of sense to them.

The partnership originated under a pilot based program entitled, "Striving for Positive Water Impact". This program was developed to better understand water risk, to build strategies to manage watersheds and mitigate freshwater threats, to integrate positive water principles throughout PepsiCo's business, and to create a blueprint for broad industry application. Understanding that water availability is defined by distinctly local factors such as supply, community access and demand, declining water quality, and ecological impacts from within a unique watershed, the partnership recognized that to avoid creating generic solutions, and to gain awareness of practical water security challenges, it had to pilot in a diverse set of watershed conditions. As such, pilot sites were selected across five of PepsiCo's manufacturing plants and within five different global regions. Sites were selected based on areas determined to have water scarcity features, and watershed conditions were assessed. Thereafter, a disciplined methodology was applied to first identify the water use impacts and risks within each location, to understand watershed remediation or restoration opportunities within each, and then to complete a cost benefit analysis to determine which activities should be pursued and scaled into PepsiCo's operational protocol. Through this approach, PepsiCo was able to gather information to understand the diversity of factors influencing water risk, so that they could then develop a plan to mitigate and build strategies based on the presence of certain local factors within each of the pilot site geographies.

Following the initiation of the striving for positive water impact project, TNC and PepsiCo launched another collaboration called Recycle for Nature, as part of the amalgamation of their joint goal to protect water. Established in 2014, the two entered into a 5-year partnership to encourage U.S. consumers to increase their beverage container recycling behavior in an effort to protect drinking water sources throughout the country. As part of this alliance, PepsiCo has

pledged to increase the availability of recycling bins in gas stations and convenience stores to generate an increase in the existing U.S. beverage container recycling rate of 42%. And, for every one-point of subsequent increase in the U.S. beverage recycling rate, PepsiCo has committed to donate up to \$1 million annually to TNC, for each of the five partnership years. The goal of this collaboration is to drive the U.S. beverage container recycling rate up to 50% by 2018. Additionally, the partnership aims to save and restore one billion gallons of drinking water in five rivers that supply water to 35 million people across the United States.

5.3.5 Partnership Outcomes

According to Director of Corporate & Foundation Relations, Kristen McInnis, TNC works with the private sector through corporate practices, marketing, and philanthropic channels. The PepsiCo partnership is focused on protecting the quality and quantity of water primarily through philanthropy, with a secondary marketing focus. PepsiCo did not seek TNC out to assist with practices, so there has been no direct opportunity for TNC to engage with PepsiCo in operational behavioral change. However, despite the inability to make process recommendations, the partnership is creating a very significant philanthropic opportunity for TNC, and this money is helping them make great conservation strides in watershed management.

TNC's main strategy for water is to establish a "water fund", a finance tool which enables communities downstream from a watershed pay into a fund designed to conserve their water source. The fund supplies the money necessary to work on protection of watersheds and the land around them, and to build awareness about detrimental community activities that can adversely impact the land within the watershed.

One of the outcomes of the water fund conservation effort in the American River Headwaters is a focus on protection of forest land adjacent to the watershed. When forests are healthy and succumb to a wildfire, the resulting burn residues flowing into the rivers do not harm the water or surrounding biosphere. However, when a forest is unhealthy, wildfire intensity potential is magnified, and this can cause too much sediment to run into the rivers. This build-up of excessive sediment can have harmful effects on the watershed ecology, destroying critical marine habitat (McInnis, 2017). Therefore, the water fund conservation efforts in this particular

watershed are designed to proactively manage forest health, which has associated positive impact on the water quality.

Through this system of philanthropic water fund financing, TNC can report positive environmental outcomes. The PepsiCo partnership has supplied more than \$5 million toward watershed restoration projects, and thus, the primary environmental win associated with the partnership is improved water quality and watershed health. This leads to a greater supply of fresh, clean water. And, while PepsiCo uses water in its production, TNC has made it clear that it cannot make the connection between more available water and PepsiCo's national or global bottling practices. In the United States, water extraction is governed by water rights, regulated at the state level. So, for instance, in the case of the American River Headwaters project in California, increased water availability created by improved watershed health has no impact on PepsiCo's ability to extract water for its operations, since California mandates that river water extraction be governed by water rights and not availability (McInnis, 2017).

The primary resulting partnership win for PepsiCo is positive recognition from TNC. Because of the significant level of donation activity from PepsiCo, they enjoy marketing privileges and premium ad space at a level that many other corporate supporters don't achieve (McInnis, 2017). For example, PepsiCo branding is featured on many of the TNC digital links, and the partnership is acknowledged through member email and e-newsletters. Additionally, TNC recently issued a press release on PepsiCo's behalf, publicly recognizing the partnership through media channels. Moreover, because of the size of their philanthropic support, PepsiCo representatives get to sit on the TNC corporate counsel, which enables them to hear about other global water initiatives and benefit from a preview of relevant industry knowledge before it becomes publically available (McInnis, 2017).

The partnership between PepsiCo and TNC is also producing business value for PepsiCo, in the form of potential cost reduction. By gathering information from a diverse set of watersheds in the Striving for Positive Water Impact project, and by working with TNC scientists to understand the variety of ecological factors that contribute to watershed stress, PepsiCo is able to develop processes to ensure that their net consumption can be offset by restoration activities to ensure sufficient supply of future freshwater. Additionally, by learning effective watershed management

and restoration techniques from TNC, PepsiCo is able to gain valuable insights into the methods necessary to avoid water risk for the sustainability and efficiency of their operation. Not only will this directly benefit the security of their operation, but it also gives PepsiCo a tangible action to report to investors when explaining efforts to mitigate their material financial risk, and thus boost investor confidence (Ceres, 2015).

The partnership may also be creating an opportunity for revenue generation for PepsiCo through enhanced branding. Publically partnering with TNC is helping PepsiCo deliver on its promise to perform with a purpose, adding credibility to their pledge. Additionally, by working with TNC in the positive water impact project, PepsiCo is able to develop metrics, which they can attach to their public commitment to positive water balance in their operations in water-distressed areas. While this outcome provides information to enable the company to assess costs and benefits associated with potential actions, it also has a positive influence over their reputation. And, this qualitative outcome can increase sales through increased customer loyalty, positive media image, and industry leadership (Gemi, 2008).

5.3.6 Key Attributes

One of the most noticeable organizational attributes of the TNC + PepsiCo partnership is reciprocity. According to PepsiCo's Sustainability Director Andrew Ausili, PepsiCo desires to partner with an environmental NGO only if it perceives the NGO to provide a meaningful contribution. Fortunately, the two partners continue to share organizational resources to help one another in their desire to conserve freshwater. In the case of the positive water impact project series, TNC's scientific expertise was critical to understanding water stresses in the pilot sites and to offer watershed restoration and remediation suggestions, so that PepsiCo was able to design tactical measures to scale operational changes. Conversely, PepsiCo is supplying TNC with philanthropic support and financial resources through the Recycle with Nature program.

Organizationally, the partnership may not be capitalizing on its maximum business value potential due to PepsiCo's approach to the collaboration. PepsiCo did not specifically ask TNC for guidance about how to improve the sustainability of its operational practices, and therefore, it may be missing an opportunity to improve performance in its actual water sourcing practices.

Another feature is the dominance of structural design within the partnership. Both partners have a vested interest in the mission of protecting water, and both projects contain clear objectives to achieve this mutual goal. Additionally, when working together in the Positive Water Impact project, the two agreed upon a set of guiding principles, and they created a very clear methodology, which was applied consistently to each of the five pilot site case studies. Their methods included a disciplined approach to assessing the cost and benefits associated with all restoration options, and this helped PepsiCo determine where to focus. Thereafter, when working together in the Recycle for Nature project, financial incentives were created based on measurable recycling rate improvements.

The partnership between TNC and PepsiCo is also successful because of the closeness of the relationship between the partner representatives. Having only a few points of contact to manage the partnership allows those contacts to build trust and engage at a more meaningful level. When speaking with Director of Corporate and Foundation Relations Kristen McInnis, she cited this feature as one of the most critical attributes contributing to partnership success. The functionality of the partnership created through compatibility features has also contributed to the sustainability of the work. Following the Striving for Positive Water Impact initiative, the project expanded into watersheds throughout Latin America and California, and the two launched another water project together to preserve water from plastic waste.

Figure 7: Attribute assessment of TNC + PepsiCo partnership with outcome score depiction.

(green denotes attribute that was favorable to the partnership outcomes; red denotes attribute that was detrimental to the partnership outcomes)

ATTRIBUTE ASSESSMENT: TNC + PepsiCo		
MATRIX SCORE: 15		
Structural	Organizational Features	Behavioral
Aligned Mission	Approach	Trust
Assigned Roles	Reciprocity	Transparency
Goal Creation		Chemistry
Assessment Measures		

5.4 World Wildlife Fund + Natural Habitat Adventures: *redefining sustainable travel*

5.4.1 Overview

In what can be described as an amicable partnership, environmental NGO World Wildlife Fund and tour operator Natural Habitat Adventure have joined forces in the niche hospitality industry of affinity travel, characterized as purposeful travel developed or planned to provide a learning or enrichment experience for travelers. The partnership remains active and continues to generate measureable results that support mutual goal objectives.

5.4.2 Key Players

World Wildlife Fund is one of the world's leading conservation non-governmental organizations, operating in over 100 countries and backed by the support over 5 million global members. 2016 revenues totaled over \$305 million, with individual member donations accounting for 33% of the total. Operating under the strategy of "together possible", WWF strives to conserve nature and reduce some of the most pressing threats to diversity of life on earth by tactically focusing on 6 global cohorts: forests, oceans, fresh water, wildlife, food, and climate. They have executive staff and scientists dedicated to leading each of these cohorts, and they partner heavily with members of government, businesses, and local communities to achieve their conservation goals. Since originating in 1961 as an international fundraising organization to provide financial support of global conservation efforts, WWF's work has contributed to countless environmental accomplishments including co-founding the global wildlife trade monitoring network TRAFFIC, pioneering the first ever third world "debt to nature swaps" to convert national debts into conservation funding, and helping to create the Forest Stewardship Council to promote responsible management and extraction within the world's forests.

Natural Habitat Adventures (NHA) is an eco-touristic adventure travel company based in Denver, CO, whose product is conservation travel. This is self-described on their website as "life transforming forays to the farthest reaches of the natural world, which directly benefit wild habitats and the animals that live there". In operation since 1985, NHA employs approximately 160 travel professionals and generates \$40 million in annual revenue. With trips largely focused

on encounters with wildlife in their natural habitat, NHA offers travelers eco-conscious expeditions to over 40 worldwide destinations, including Africa, Latin America, and the Polar regions. The itineraries are uniquely designed in partnership with scientists from World Wildlife Fund, so that travelers can experience some of the worlds' "most captivating nature destinations", and that they can understand what elements of the habitat are inherent for species' survival, and how conservation can play an important role in maintaining or improving the chances of survival. Committed to being a leader in conservation travel, NHA achieved an industry first when they became the world's first 100% carbon-neutral travel company in 2007.

5.4.3 Environmental Concerns

Although international travel contributes to one of largest sources of carbon emissions (Clark, 2010), mitigating this environmental threat was not the primary motivation behind building the partnership. Rather, the goal has been to eliminate or sharply reduce illegal wildlife trafficking. Wildlife trafficking, which refers to the commerce or trade of wildlife animal parts and resources that have been extracted from the species' in its natural, wild habitat, is one of the most substantial threats to loss of biodiversity (McMurray, 2009). Commercial trade of wildlife specifically listed as endangered under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is explicitly illegal. Yet due to cultural and economic demand for illegal wildlife parts, prohibition and regulation is not stopping the problem. In the U.S. alone, illicit trade of wildlife parts is estimated at \$20 billion per year, with rhino horn fetching as much as \$60,000 per pound, making it more valuable than gold (Krapp and Kantorczyk, 2015).

Tourism creates a financial incentive for communities in surrounding high-risk habitats to value wildlife more alive than dead. Furthermore, NHA offers a direct pipeline into the areas that are heavily poached, which allows travelers the opportunity to experience the natural habitat, and sometimes interact with threatened species, and consequently become impassioned to heighten their own conservation efforts. Specifically, this type of tourism allows for environmental education and participant interpretation, fostering awareness and understanding of natural environments. The mixture of natural habitat immersion and environmental education stimulate pro-environmental attitudes and lead to more responsible environmental behavior. These types of

tourism experiences may also showcase anthropogenic degradation within the natural environment, and therefore may help travelers create insights about how to combat or alter the detrimental human activity (Haukeland, 2013).

5.4.4 Formation of the Partnership

Jim Sano, the Vice President of Travel and Conservation with WWF initiated the partnership in 2013. He was hired by WWF shortly before that time, after serving on the NGO's national counsel, and having developed extensive experience in the private expedition travel sector. He was expressly asked to assess the existing travel program at WWF, which is intended to provide a dedicated travel program for high commitment partners and reconnaissance trips for private sector partner executives to demonstrate the WWF mission. At the time Sano was recruited to help, the program worked with 18 different tour operators. And while this was pretty common in the field of affinity travel, Sano quickly concluded that shifting to one tour operator made more sense because it would mitigate risk and create efficiency for both WWF and the selected tour partner. When assessing whom to select for their exclusive travel partnership, Sano identified NHA as being the clear choice because they are closely aligned with the WWF conservation mission. Additionally, they had a history of delivering high quality travel experiences, they had solid risk management programs, and at the time of his selection, they were the only 100% carbon neutral travel company, which fit well with the WWF climate initiatives. So, the relationship began. WWF approached NHA, and recognizing the potential to generate business growth by tapping into WWF's 5 million members, NHA immediately expressed interest. The partnership took 8 months to materialize, while the two worked out logistics, but soon became emerged into what Sano characterizes as a highly successful collaboration.

5.4.5 Partnership Outcomes

The exclusive travel partnership between WWF and NHA is producing several of the positive collaborative outcomes described throughout the literature. From a business value standpoint, both enjoy the qualitative benefits of reputational affiliation, and each executive cites this aspect as being intrinsically important to the relationship, correlating brand value to their individual success within the partnership. The WWF brand is one of the most recognizable conservation

brands in the world, and thus bolsters prospective travelers' interest and motivation to travel through NHA. And, in fact, when talking with Vice President of Sustainability, Ted Martens, he noted that their logo alignment with WWF gives NHA clout and creates a level of traveler confidence that they could not achieve on their own as a single brand. Similarly, WWF generates member respect from its affiliation with NHA because it is an admired conservation tour operator committed to 100% carbon neutral operation and sustainable travel.

Another mutual qualitative benefit comes from the sharing of resources. WWF connects NHA to their experts, scientists, and environmental data, which allows them to effectively deliver their conservation messages in the field. WWF also benefits, by having their conservation messages delivered in a consistent manner by the NHA trained field guides. This mutual sharing of resources creates accuracy and continuity for the traveler because WWF staff members actually help with the training of the guides, such that they are exposed to the latest research and conservation efforts unique to the locations(s) they support.

One of the most notable quantifiable business benefits of the partnership is the generation of revenue for each partner. As part of the partnership contract, NHA gives WWF \$100,000 annually to offset travel program fees, and they donate 1% of their gross annual sales to support the WWF mission. This secondary form of contribution has amounted to over \$2 million since origination of the exclusive partnership (Egloff, 2017). NHA has also validated a direct revenue stream in connection with the partnership, with 10% of their confirmed business coming directly from the WWF affiliation, either through WWF member travel or from customers who tell their booking agents that they are selecting to travel with NHA because of their alliance with WWF (Martens, 2017).

The partnership also enables several administrative and operational benefits:

- Marketing advantages for each exist in two channels. First, travel through NHA gives travelers an introductory membership to WWF. As such, the partnership becomes a conduit to build donor support for conservation work within the NGO. Secondly, both partners contain live links to one another within their external website, giving customers a chance to toggle between both organizations, learn more, and potentially peak interest.

In the case of WWF, they even offer the opportunity for members to initiate a live search and registration for active NHA trips through their own site.

- Process efficiency is another benefit resulting from the partnership because there is alignment of protocol and procedure.
- Risk reduction is also created because the two utilize a uniform release of liability form. And, while this benefit comes with some cost in the form of added legal review, the result is improved risk management for both operations (Martens, 2017).
- Lastly, employee satisfaction and engagement is enhanced through the shared conservation ethos inherent within the partnership.

However, aside from the financial and operational benefits associated with the partnership, both make it abundantly clear that the most important benefit is stronger environmental commitment resulting from the traveler or member experience. While WWF admits that it's difficult to measure donor behavior and draw a direct connection between the travel experience and increased support, they have observed that member attrition rates for travelers are 9%, as compared with 15% for non-travelers. They can also document a 95% renewal rate following NHA travel. And, while the number of existing member donors decreases following a trip (table 1), there is a 133% increase in average gift size within 12 months following a trip, as compared to the 12 months before.

T12-May2015-May2016	Total	#Pretrip donors	#Posttrip donors	Change
Non-Members	3188	0	117	3.7%
Members	1699	902	825	-4.5%

Table 1: WWF donor activity changes pre/post travel experienced with NHA.

Data supplied by Karl Egloff, Director of WWF Travel.

When describing the environmental benefits observed on the NHA side, Martens states that there is environmental value associated with travelers hearing conservation messages in tandem with their travel experience, because it allows them to internalize why conservation is important and

to understand why protection matters. NHA firmly believes that they are able to deliver a higher quality experience in the field because of their ability to weave in the WWF conservation messages, and therefore, they are able to inspire travelers to become conservation ambassadors for the places they visit. NHA is able to validate this environmental value and correlate it to directly the WWF conservation messaging through evaluation form responses. By asking travelers to rate the importance of the NHA+WWF partnership when choosing NHA, 77.1% of respondents reported that the partnership is somewhat or very important.

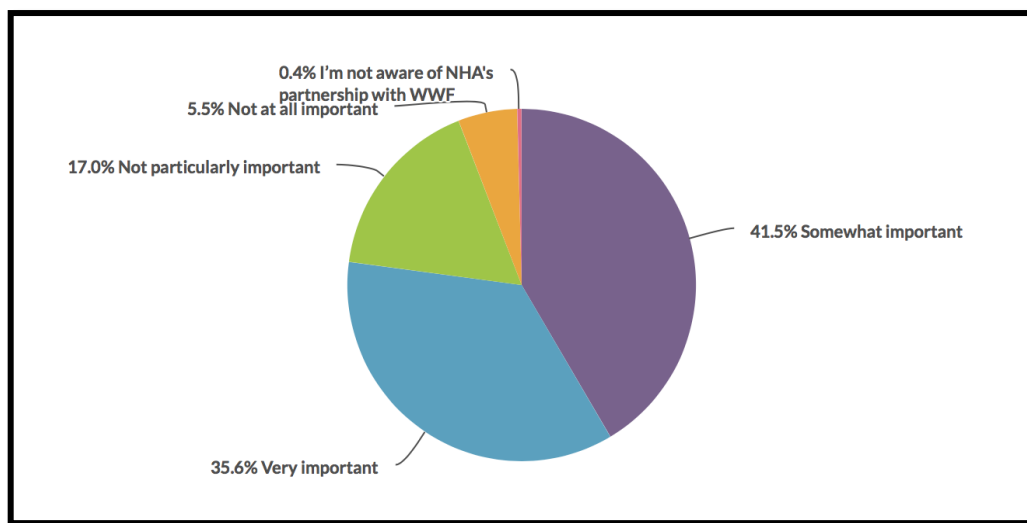


Table 2: 2016 Survey responses asking traveler to rate the importance of NHA's partnership with WWF when choosing to travel with NHA.

Data supplied by Ted Martens, Vice President of Marketing & Sustainability, NHA.

There are also some direct environmental benefits associated with the WWF+NHA affiliation. As noted earlier, NHA is a carbon neutral travel company. As such, when partnership with WWF promotes NHA sponsored travel, there is less adverse environmental impact associated with travel induced carbon emissions. In addition, NHA also actively seeks to protect the environment during multiple points of traveler contact. Immediately following the initial registration, the traveler is given data about how much carbon will be admitted for their personal air travel to the destination. They are then given the opportunity to purchase carbon offsets. Additionally, the company discourages the use of all disposable products used in consumption of food and beverage during the trip, and they provide reusable beverage containers for all guests.

In addition to the environmental benefits that result from the WWF + NHA partnership, the industry is starting to take notice. According to Martens, at least one subsequent partnership has been formed as a result of the work achieved between WWF and NHA in the affinity travel space. Conservation NGO, The Nature Conservancy (TNC) has recently formed an exclusive partnership with tour operator Quark.

However, overarching the above noted environmental benefits is the concept of traveler behavioral change resulting from the experience or community member change ensuing from a desire to protect their tourism asset. While difficult to quantify, both partners have catalogued extensive anecdotal evidence of changed traveler or member outlook, and have received numerous verbalized commitments to contribute meaningfully toward positive environmental enhancements, following a travel experience. Additionally, WWF field staff members have personally observed situations where habitat landowners or community members become actively involved in eradicating species poaching. Thus, both partners conclude that this behavioral element, and the corresponding positive impact it has on conservation, is the most salient partnership outcome.

5.4.6 Key Attributes

One of the key characteristics involved in this partnership is cultural fit and alignment of mission. Both partners care deeply about conservation and have similar goals pertaining to environmental protection. When talking with one of the NHA guides, he passionately explained the strong motivational focus on conservation between both organizations, and he expressed that this motivation is what drives executive decision-making impacting his job.

Another structural attribute that emerges from my assessment of the WWF-NHA partnership is the creation of goals and expectations. For instance, WWF strives to achieve 40%-member participation in each NHA trip. The two partners utilize surveys, measure goal attainment, and routinely assess progress against their goals. There is a clear and straightforward structure to the partnership, with each organization delineating roles and responsibilities. The collaborators within the partnership also meet regularly to assess progress and refine partnership details where needed.

Organizationally, WWF and NHA have a similar company culture. They are both open-minded, welcome input from others in their respective fields, and value partnership as a mechanism to achieve their work. Power distribution, however, is a bit tilted in favor of WWF, with NHA deferring to their requests more frequently than not.

Behaviorally, the partnership contains nearly all of the identified personality related attributes. There is trust and strong interpersonal chemistry between the primary collaborators, and this not only increases process efficiency, but also accelerates the achievement of goals and outcomes. Through a collaborative process, the two are also able to constructively challenge one another, to avoid implementation challenges associated with a change or new initiative.

Figure 8; Attribute assessment of WWF + NHA partnership with outcome score.
(green font denotes an attribute that contributes favorably to the partnership outcomes; red font denotes an attribute that is detrimental)

ATTRIBUTE ASSESSMENT: WWF + NHA		
MATRIX SCORE: 74		
Structural	Organizational Features	Behavioral
<div>Aligned Mission</div> <div>Assigned Roles</div> <div>Goal Creation</div> <div>Assessment Measures</div>	<div>Approach</div> <div>Power Distribution</div>	<div>Trust</div> <div>Transparency</div> <div>Chemistry</div> <div>Objectivity</div>

6 Conclusions and Recommendations

6.1 Conclusions

Based on the case study analysis, it’s evident that environmental NGO-private sector partnerships are capable of generating mutually beneficial outcomes. While the degree of success varied among the partnerships, each achieved results that benefited both the environment and the business.

All partnerships assessed produced at least a single positive outcome for the environment as a result of a behavioral change initiated by the business partner. This change was typically consistent with the initial environmental goal of the partnership, whether it be McDonald's improved waste management practices arising from the EDF + McDonald's alliance, or Kimberly-Clark's responsible forest harvesting techniques influenced by the Greenpeace + KC partnership. However, some collaborations generated results that spanned well past their initial environmental initiative, such as when the TNC + PepsiCo partnership evolved beyond water risk mitigation, to include waste reduction through recycling incentives. The EDF + McDonald's partnership also produced multi-faceted environmental results by motivating McDonald's to proactively adopt a subsequent sustainable operating strategy that led to their implementation of over 90 subsequent pro-environmental policies.

All four partnerships also demonstrated the production of business value, primarily in the form of potential revenue generation associated with improved brand recognition. This aspect of business value was observed most prominently in the WWF + NHA partnership. But, it was also present in the partnership between TNC + PepsiCo, and in fact, PepsiCo selected TNC as a partner in a specific effort to lend credibility to their "performance with purpose" operational strategy.

Business value was also derived from partnership strategies developed to reduce operating cost, increase efficiency and abate risk. McDonald's enjoyed a \$6m annual savings from the waste management efficiencies designed within the EDF partnership task force. And, the alignment of procedures and protocols within the WWF + NHA partnership creates operational efficiency for NHA. Additionally, the TNC + PepsiCo partnership helped PepsiCo understand how to balance and offset operational water consumption with watershed management and restoration activities to reduce the threat of water risk against their operation.

While the partnership between PepsiCo and TNC generated the highest "score" via the assessment matrix, it's difficult to deduce with any degree of certainty that this partnership had the greatest positive impact on the environment, or that this partnership generated the most business value. This is in part due to factors not considered within the matrix criteria and the

subjectivity of assessment, but also due to the fact that the evaluation was limited to published material and random interviews.

An alternative characterization of partnership success might have constructed the assessment based on partnership outcomes that had broad influence over the environment or the private sector. Accordingly, the EDF + McDonalds outcome would be deemed highly successful because it changed the course of packaging methods within the fast-food industry; likewise, the GP + KC partnership would have been rated highly because of its influence over FSC standard setting. Additionally, one could conclude that the symbolic partnership formation between EDF and McDonald's was most successful because it served to catalyze the use of market capitalism as an environmental management tool.

6.2 Recommendations

6.2.1 Joint Recommendations

Environmental NGO-private sector partnerships are a viable tool to generate business value and protect the natural world. However, it is recommended that attention be given to the attributes of the partnership so that stronger outcomes can be achieved. Figure 9 summarizes the attributes, segmented by classification, that contribute to potential benefits or detriments arising from environmental NGO-private sector partnerships. The structural elements of the attribute classification system correlate most strongly to mutual partnership success. Aligned mission, which refers to each partner sharing the same environmental value or conservation goal, was largely present and contributed to well-functioning collaborations. This feature was cited heavily as a success factor in interviews with the WWF + NHA partnership executives. Additionally, the aligned goal of watershed management is what has motivated TNC + PepsiCo to sustain their working relationship beyond initial project completion.

Assigning roles and responsibilities, and creating assessment measures is another structurally based attribute associated with attainment of mutual partner success. As such, it is recommended that partnership formation include an initial discussion of individual partner goals to ensure alignment. Thereafter, a disciplined approach to partnership structure ought to be completed. This includes establishing roles and responsibilities within each organization, creating

benchmarks to assess progress, and developing contingency plans, in the event outcomes don't match up to project expectations.

Behavior-based attributes are also found to correlate to success. TNC executives cited a close working relationship as a fundamental component to creating high performing partnerships. Additionally, TNC noted that a strong relationship between a few close points of contact enabled the formation of trust and engagement to deliver more meaningful partnership outcomes. It is therefore recommended that environmental NGOs or businesses within the private sector seeking to partner recognize the importance of behavioral chemistry when selecting partner representatives. The GP + KC partnership punctuates the pivotal nature of this attribute most prominently. For five years, the two entities were unable to make any headway. Their conversations were adversarial and unproductive. However, once two different representatives from within each organization started talking with one other, the two entities began to build common ground, and the FSC preferred fiber sourcing agreement formed quickly thereafter. Interpersonal chemistry is another influential behavioral attribute, and it is instrumental in the existing partnership between WWF and NHA. This attribute allows the partners to communicate effectively to accelerate decision making and achieve outcomes more efficiently.

Aside from the attribute of independence, which assisted in helping Greenpeace and TNC maintain objectivity within their respective partnerships, most other organizational feature based attributes were detrimental to partnership success if left unchecked. The culture of an individual organization often served as a barrier to effective working relationships. For instance, Kimberly-Clark's insular approach made them initially resistant to the suggestions offered by Greenpeace. Furthermore, PepsiCo's restricted approach to the partnership with TNC may be limiting potential outcomes to influence the sustainability of their operations. Therefore, organizations seeking to partner need to frankly assess their own organizational features and biases, and determine if they have the appetite to genuinely collaborate or adopt a partner's suggestion, which may be different from their own way of conducting business.

6.2.2 Individual Partner Recommendations

6.2.2.1 Private Sector Recommendations:

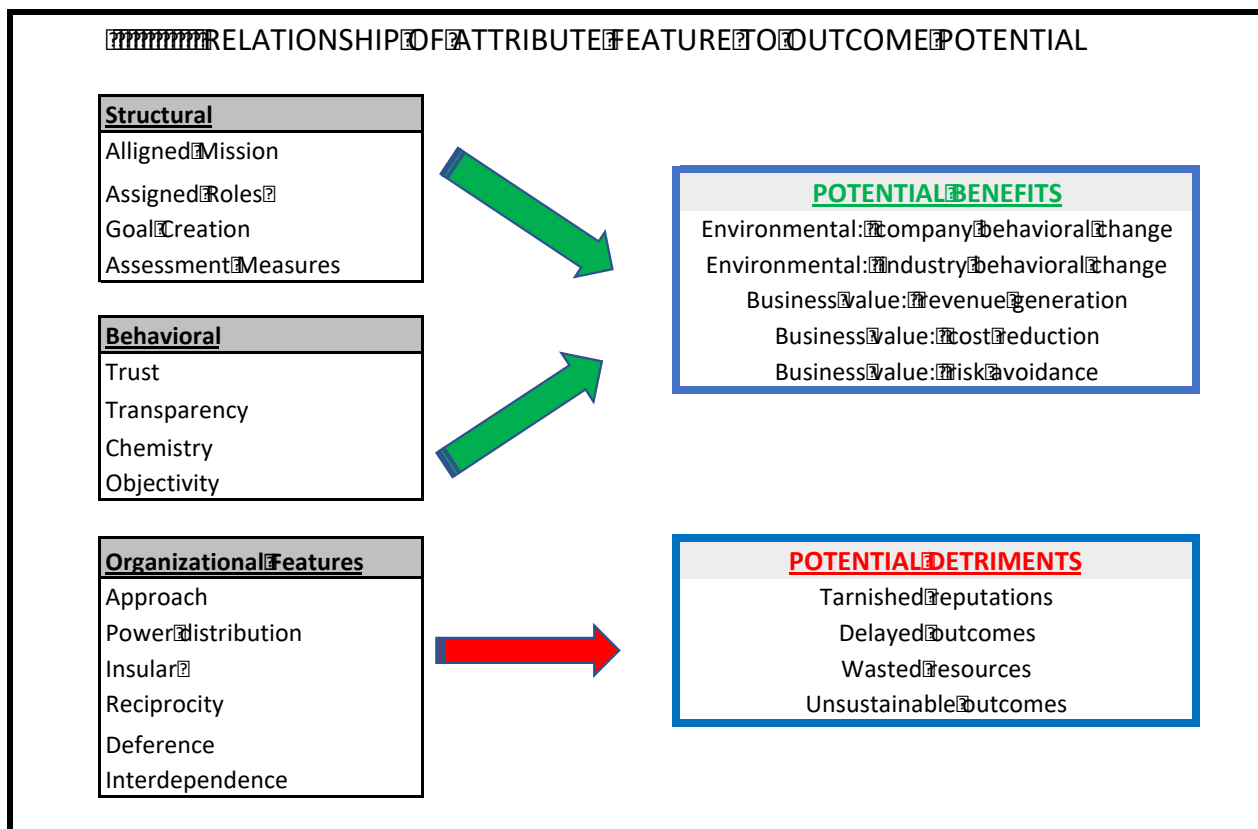
- Recognize that working with environmental NGOs can bolster sustainability initiatives. Partnership is a good strategy and should be considered to create a more robust competitive advantage by offering business access to specific resources that can't be easily acquired or developed through a company's internal sustainability department. Partnerships also drive competitive advantage by helping to facilitate development of infrastructure in target operational communities. Therefore, it is recommended that businesses take note of their internal sustainability limitations and understand their developmental opportunities, so that they can select an environmental NGO partner with the appropriate expertise or community access.
- Strive to curb organizational feature barriers. As seen in two of the four partnerships assessed, businesses limited the contributions of the environmental NGO. Businesses ought to appreciate that selected partners have been adequately vetted and have a lot to offer. It is recommended that companies do not underestimate the environmental NGO potential to improve their business, and that they pay attention to suggestions extending beyond the initial scope of the project goals.

6.2.2.2 Environmental NGO Recommendations

- Recognize that working with the right partner is important. This recommendation extends beyond the joint advice pertaining to behavior-based attributes. Rather, it speaks to the importance of having executive leadership support. NGOs should look to partner with companies where senior leaders are engaged, committed, and willing to execute a shared mission in an effort to reduce their adverse environmental impact or improve the sustainability of their operation.
- Maintain confidence in the value of the contribution that the environmental NGO brings to the partnership. NGOs should take pride knowing that their organization was selected based on past success, unique scientific expertise, and credibility within the environmental community. As such, it is recommended that NGOs avoid the tendency to overly defer to

the business partner, and instead seek to leverage their unique position within the partnership and more freely offer their knowledge-based perspective to generate more complete solutions.

Figure 9: Relationship of attributes to mutual outcomes generated from partnership between environmental NGOs and the private sector.



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Appendix

Exhibit 1: Interesting examples of cooperation in nature

Our evolutionary history is steeped in evidence that collaboration is a favorable trait for long-term success of a society. Over time, examples from the natural world have repeatedly demonstrated that cooperation is a selected advantage due its ability to yield coordinated action and generate positive sum outcomes. Consider the Vampire Bat, which only consumes blood, and will die if it misses more than two nightly feedings. Scientific evidence has shown that females within their tightly knit communities routinely share regurgitated blood with those members of the community unable to secure blood in a previous night's feeding, exhibiting a behavior that ensures long-term survival of the species (Greshko, 2015). Or, expanding the examples to inter-related species, a surprising collaboration between the raven and the wolverine illustrates how greater good can be achieved by working together. In the dead of winter, deep within the subarctic taiga forest, the pair rely on each other help each other find food. The raven, with its powerful sense of smell, finds the food and then produces a distinctive call to the wolverine, to lead it to a frozen carcass. Once located, the wolverine, with its powerful jaws, is then able to pull pieces of the frozen carcass out of the snow, and the two are then able to eat and survive. (BBC Nature, 2011)

Exhibit 2: Results of partnership evaluations

Partnership Evaluations: Outcome-Based Success Matrix²

*matrix will be used to identify outcomes and rate partnership success based on scoring criteria

*not intended to be fully authoritative assessment of partnership success

PARTNERSHIP OUTCOMES	EDF+McDonalds	Greenpeace+KC	TNC+PepsiCo	WWF+NHA
ENVIRONMENTAL BENEFITS				
Company Behavioral Change favorable environmental impact resulting in: less resource extraction, improved air/water quality, reduced waste stream	1	1	1	1
NGO Funding to advance conservation work	0	0	1	1
Industry Behavioral Change company change influences environmental improvements across the industry through market forces	1	1	0	1
BUSINESS VALUE				
Reduced Risk less exposure to liability based on improved environmental actions or other partnership benefits	0	0	1	1
Increased Revenue enhanced reputation new/innovative product or process market differentiation (customer loyalty)	1	1	1	1
Decreased Costs lower cost of capital more efficient production/manufacturing process reduced operating cost (energy, shipping, etc.)	1	1	1	0
DETRIMENTAL RESULTS				
Tarnished Reputation either partner suffers brand devaluation associated with "greenwashing"	0	-1	0	0
Outcomes Not Sustainable too much focus on short-term projects vs. long-term operational changes	-1	0	0	0
Wasted Resources lost time or funding associated with unclear goals or expectations	0	0	0	0
Delayed Outcome due to partnership approach or entrenched position	0	-1	0	0
TOTAL SCORE:	3	2	5	5

